NESA M# 83-10056X	Sanitized Copy Appro	oved for Release 2011/08/17 : CIA-RDP85T00287R000700770002-1	
MEMORANDUM FOR: Deputy Director for Intelligence THROUGH: Director, Near East/South Asia Analysis FROM: 25X1 NESA/AI/E SUBJECT: Pessimism about Egypt's Stability (Ref: NIC 1542-83) 1. The observations the referenced memorandum, highlight some of the same themes that we have stressed in our production during the past several months. These are: the importance of domestic economic problems as Mubarak's principal vulnerability; a widespread desire among Egyptians for the government to "do something" about these problems; and a resulting impatience when the government does not implement quick and dramatic solutions. We do not believe, however, that this adds up to a political death warrant for Mubarak, as suggested Instead, 4t implies a potential for trouble if some crisis or confluence of crises (Say, a major breakdown of public services in overcrowded Cairo, or a serious outbreak of Coptic-Muslim violence) catalyzes popular frustrations. No one can predict when this might happen, and it need not happen with the 18-24 month time frame posited by Amoco. Nor would a single outburst of public discontent necessarily topple the regime. In any event, the Mubarak government is acutely aware of the hazards it faces, and has carefully avoided missteps that could trigger a crisis. 2. Mubarak certainly will not try anything "risky" to redirect the Egyptian economy; he and other Egyptian leaders realize that the kind of major reforms needed to set the economy on the road to robust health would be politically suicidal. The key question is what Mubarak will do if severe shortages of foreign exchange or other immediate demands force him to take some of the hard decisions thay he—like Sadat—has so far managed to avoid. Mubarak has repeatedly defended his cautious politices on the ground that Egypt needs stability, not shock treatment. There is insufficient evidence to conclude that, in a crunch, he would "not act decisively in any area."			
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